

Message Text

CONFIDENTIAL

PAGE 01 MUSCAT 00544 110909Z

21

ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01

CEA-01 COME-00 XMB-02 FRB-03 /090 W

----- 093829

R 110730Z MAY 75

FM AMEMBASSY MUSCAT

TO SECSTATE WASHDC 1115

INFO AMEMBASSY ABU DHABI

AMEMBASSY JIDDA

AMEMBASSY LONDON

C O N F I D E N T I A L MUSCAT 544

E.O. 11652: GDS

TAGS: EFIN MU

SUBJECT: OMANI FINANCES

REF: MUSCAT 515

SUMMARY: GOVERNMENT HAS SUDDENLY TAKEN PAINS TO BRIEF EMBASSY ON SUCCESSES IT IS SCORING TO GET ON TOP OF ITS FINANCIAL CRISIS--THE ONE IT PUBLICLY HAS REFUSED TO ADMIT. OMANI PURPOSE IN THUS FAVORING US WITH SUCH INFORMATION JUST NOW IS UNCLEAR, BUT PARA 5 SUGGESTS A FEW POSSIBLE REASONS. END SUMMARY.

1. AMBASSADOR ON MAY 10 WAS CALLED IN BY QWSS ZAWI WHO SAID HE WAS INSTRUCTED BY SULTAN QABOOS TO PROVIDE, FOR WASHINGTON'S BENEFIT, BRIEFING ON OMANGOV'S IMPROVED FINANCIAL OUTLOOK AS COMPARED TO THREE MONTHS AGO. ZAWAWI, SPEAKING IN CAPACITY AS VICE CHAIRMAN OF FINANCIAL AFFAIRS COUNCIL, REMARKED THAT EMBASSY DOUBTLESS KNEW SOMETHING OF THIS SITUATION, OF GOVT'S NEGOTIATIONS WITH BRITISH BANKS, AND OF REPORT PREPARED BY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MUSCAT 00544 110909Z

THEM AT GOVT'S REQUEST IN FEBRUARY/MARCH. SINCE THEN FINANCE

COUNCIL HAD BEEN BUSY REVIEWING CONTRACTS AND MINISTERIAL BUDGETS. IT HAS SUCCEEDED IN NEGOTIATING VARYING ALTERATIONS. IN TERMS OF OMANI AFFAIRS, IT HAS MANAGED TO REDUCE COMMITMENTS ON GOVT'S CASH RESOURCES IN CALENDAR 1975 BY R. O. 40 MILLION (DOLLARS 117 MILLION). THERE WOULD STILL BE DEFICIT OF R.O. 60 MILLION (DOLLARS 175 MILLION) THIS YEAR, HOWEVER. ON THE REVENUE SIDE, HE SAID FINANCE COUNCIL HAS SUCCEEDED IN FINDING MEDIUM-TERM FOREIGN FINANCING TO REPLACE A GOOD MANY OF THE 3-MONTH CREDITS ON WHICH THERE HAD BEEN OVER-RELIANCE UP TO NOW. SOURCES OF THIS NEW FINANCING NOT DIVULGED.

3. ZAWAWI ADDED THAT WHILE CONSIDERATION GIVEN TO ALL RECOMMENDATIONS IN BRITISH BANKERS' REPORT, THIS IS NOT TO SAY SULTAN AND OMANGOV HAVE DONE EVERYTHING REPORT SUGGESTED. NONETHELESS, THEY FEEL GREAT DEAL HAS BEEN ACCOMPLISHED. FOR ONE THING, U.S. AUDITING FIRM OF ARTHUR ANDERSON HAS BEEN CONTRACTED TO PROVIDE PERMANENT TECHNICAL ASSISTANCE WITHIN OMANI DEPARTMENT OF FINANCE, WHICH SHOULD ASSURE BETTER FINANCIAL COORDINATION AND BUDGET PLANNING IN FUTURE. ASKED ABOUT TIMING OF THEIR ARRIVAL, ZAWAWI REPLIED THAT FINANCE COUNCIL STAFF DIRECTOR SHARIF LUTFI IS WORKING THIS OUT WITH ANDERSON'S HOME

OFFICE. HE STATED THAT WHILE OVERHAUL OF CIVIL COMMITMENTS HAS WORKED OUT WELL, LESS HAS BEEN ACHIEVED ON MILITARY SIDE; SAID MANY MILITARY CONTRACTS SEEM TO BE LESS WELL DOCUMENTED AND COUNCIL HAS FOUND DIFFICULTY IN BRINGING FACTS TO LIGHT. (HIS UNSPOKEN IMPLICATION WAS THAT BRITISH EXPATRIATES AND OTHERS IN DEFENSE MINISTRY AND SAF ITSELF HAVE MANAGED TO LEAVE FEW TRACKS BY WHICH HIS OWN COUNCIL CAN BEGIN TO SORT OUT JUST WHAT GOODS AND SERVICES ARE ON ORDER AND HOW IT CAN GET A GRIP ON THIS EXPENDITURE.)

3. AMBASSADOR ASKED IF, NOW THAT THIS MEASURE OF PROGRESS HAS BEEN ACHIEVED, OMAN WILL SOON BE ANNOUNCING ITS CALENDAR 1975 BUDGET. EDWAWI REPLIED GOVT WAS LIKELY ONLY TO RELEASE FINAL ACTUAL BUDGET FIGURES ONCE YEAR IS CONCLUDED.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MUSCAT 00544 110909Z

4. ZAWAWI DWELT BRIEFLY BUT CAUSTICALLY ON OMAN'S DISPLEASURE WITH SOME RECENT PIECES IN AMERICAN PRESS WHICH, THOUGH WRITTEN BY JOURNALISTS WHO HAVE BEEN WELCOMED AND ASSISTED IN OMAN, NONETHELESS HAVE CONTAINED MISINFORMATION. HE SINGLED OUT APRIL 11 HERALD TRIBUNE ARTICLE BY HOAGLAND, OF WASH. POST, LATER CARRIED IN APRIL 20 POST, SAYING IT FALSELY ACCUSED SULTAN HIMSELF OF PUTTING UP MONEY TO BUY LUXURY LINER FOR

FLOATING HOTEL PURPOSES IN MUSCAT, AND ERRONEOUSLY CREDITED OMAN WITH HAVING DOLS 200 MILLION IN FX RESERVES. TRUTH IS, SAID ZAWAWI, THAT FLOATING HOTEL BUSINESS IS STRICTLY PRIVATE SECTOR INITIATIVE, AND THAT OMAN WISHES IT HAD EVEN HALF AS MUCH FX RESERVES AS HOAGLAND ALLEGES.

5. COMMENT. CONTENTS OF ZAWAWI'S BRIEFING, WHICH AS FAR AS THEY GO ARE CONSISTENT WITH STATE OF AFFAIRS REPORTED REFTTEL, ARE IN THEMSELVES LESS INTERESTING THAN QUESTION OF WHY OMANIS DECIDED TO TELL US THIS OFFICIALLY JUST NOW. MIGHT BE THEY SIMPLY WISHED TO APPRISE AMBASSADOR BEFORE HIS IMMINENT DEPARTURE ON CONSULTATION/LEAVE OF BETTER GRIP THEY ARE NOW ATTAINING ON MONEY MATTERS. OR THAT SULTAN HIMSELF, REFLECTING ON AMBASSADOR'S MAY 5 AUDIENCE (MUSCAT 531) REALIZED HE HAD REFERRED TO COUNTRY'S NEED FOR FUNDS BUT MADE NO MENTION OF "SELF-HELP" MEASURES IT IS UNDERTAKING. OR PERHAPS THAT SOMEHOW THEY SURMISED EMBASSY IS SKEPTICAL THAT GOVT IS BEING FERVENT ENOUGH ABOUT ITS RETRENCHING EFFORT, AND THAT WE NEEDED SOME EDUCATION WHICH JUST MIGHT, IN TIME, SPILL OVER INTO AMERICAN PRESS. TAKE YOUR CHOICE.
WOLLE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL STABILITY, ECONOMIC CONDITIONS, PRESS COMMENTS, ALLEGATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MUSCAT00544
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750165-0149
From: MUSCAT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750562/aaaaceau.tel
Line Count: 136
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 MUSCAT 515
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 27 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 JUN 2003 by CunninFX>; APPROVED <04 NOV 2003 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OMANI FINANCES
TAGS: EFIN, MU
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006